

ADVANCING WASHINGTON'S INTEREST

Tax-Free Securities  
Hurt R. R. Investments

Secretary Hoover Tells I. C. C. Such Securities Cause of Railways Being Unable to Finance Construction Programs.

By HARRY GUSACK.

The confidence of the American public in railway investments is at a low ebb due to the competition offered by tax free securities and foreign loans, according to Herbert Hoover, Secretary of Commerce, who appeared before the Interstate Commerce Commission yesterday, and urged a readjustment of rail rates.

"Surplus capital is pouring by hundreds of millions monthly into tax-free securities and foreign loans, and yet our railways are unable to finance the most moderate of construction programs," he declared.

"Public Confidence Low." "The confidence of the public in railway investments was at so low an ebb before the war that finance by the issue of common and preferred stocks had become impossible and railway expansion was living on bond issues," he asserted. "The confidence of an assurance and continuity in earning power to cover this burden of bonds has been lowered since the war began, because of the uncertainties of both rising and falling prices, of rising and falling wages, of rising and falling profits, and of rising and falling taxes."

"We lack the ability of giving billions of credits to foreign countries to increase our farm exports. I wish to say with all responsibility for the statement that a billion dollars spent upon American railways would give more employment to our people, more advance to our industry, more assistance to our farmers, than twice that sum expended outside the frontiers of the United States—and there will be greater security for the investment."

Hoover asserted that "we must provide all plans for the future on the ultimate return of the American people to normal economic activity."

"There can be no question that this return will take place, and no responsible body will approach our problems on any other basis. Not one of us would submit to the charge that we are not prepared to bet against the future of the United States."

"Our problem is to expedite this recovery—to speed up employment of our workers, and thereby find markets for our farmers."

"If we look to the immediate future, with its complete necessity of paying the railway earnings down to the bone, we believe it is possible to demonstrate that on an average they will become very profitable. If we assume that the reduction of prices and wage levels will settle at a plane no lower than 50 per cent over pre-war, and if we assume that our railways will never again earn profits, and that they are not as an industry worthy of investment, and that because private investors will not come to their assistance nobody can do anything."

"Should Become Profitable." "Far from it being impossible for our railways again to return to a profitable footing, I believe it is possible to demonstrate that on an average they will become very profitable. If we assume that the reduction of prices and wage levels will settle at a plane no lower than 50 per cent over pre-war, and if we assume that our railways will never again earn profits, and that they are not as an industry worthy of investment, and that because private investors will not come to their assistance nobody can do anything."

"Call Off Witches." "From all the confusion that arises from it we destroy our railways with a great spirit of public service, this commission on one hand assisting honesty in finance, justice to the shipper and the railway investor, with the Railway Labor Board assuring justice to workers and, above all, with a great spirit of public service in our generation of railway managers, it is time to call off the witches and take some vision of our national situation if we are to pull ourselves out of this depression."

"The increased rates since 1914, for instance, have added probably less than 10 per cent to the price of cotton goods, on the average, but it has added probably 60 per cent to the price of coal. The increased rates since 1914 have added nearly 100 per cent to the cost of assembling the materials for plants."

"All this is artificially forcing our industry toward their raw materials. This does not alone represent the starting of a new factory; it is a movement of the whole mechanism of the community, labor, homes, schools, the railways and what not—an enormous duplication of plant and loss of capital."

"Readjustments Many." "During the past eight months the railways have made many thousands readjustments of local rates in endeavoring to heal local distortions, but I am convinced that the whole railway structure needs a systematic overhaul in the light of the new economic forces that have been brought into play."

"We obviously must maintain the average rate that will support our transportation systems adequately, and such an overhauling of rates is a difficult and well merited adjustment of rates in certain commodities in order that compensation can be given to others where there is undue distress."

"If I wish to discuss the rates 'spread' in proportion to the charges today should say at once that a decrease in passenger rates is not nearly so vital to the community as freight rates, for the passenger rates do not enter into the relative volume of earnings."

Hoover declared that of the freight rates, coal, metals, wood, and agricultural, and other products, goods should be reduced to the pre-war level and other rates are touched."

"H. R. Howenstein Meeting." The H. R. Howenstein Company, Inc., held its annual meeting yesterday, after paying the usual dividend, increased its capital stock and surplus to \$448,548.33.

Election of officers immediately followed and resulted in the following for the ensuing year: President, H. R. Howenstein; vice president, Fred W. Hoover; secretary, C. C. Straw; and treasurer, V. A. Howison.

Local Stocks.

Table with 4 columns: Stock Name, Price, Change, and Volume. Includes Washington Railway and Electric, Lanston Monotype, etc.

BONDS.

Table with 4 columns: Bond Name, Price, Change, and Volume. Includes Amer. Tel. & Tel. Co., Wash. Ry. & Elec. Co., etc.

MISCELLANEOUS.

Table with 4 columns: Stock Name, Price, Change, and Volume. Includes Riggs Realty, Wash. Market, etc.

PUBLIC UTILITY.

Table with 4 columns: Stock Name, Price, Change, and Volume. Includes Amer. Tel. & Tel. Co., Wash. Ry. & Elec. Co., etc.

NATIONAL BANK.

Table with 4 columns: Bank Name, Price, Change, and Volume. Includes Amer. Nat. Bank, Columbia Nat. Bank, etc.

TRUST COMPANY.

Table with 4 columns: Trust Name, Price, Change, and Volume. Includes Amer. Sec. & Trust, Continental Trust, etc.

SAVINGS BANK.

Table with 4 columns: Bank Name, Price, Change, and Volume. Includes East Wash. Sav. Bk., Merchants' Bank, etc.

FIRE INSURANCE.

Table with 4 columns: Insurance Name, Price, Change, and Volume. Includes Amer. Fire Ins., Arlington Fire Ins., etc.

TITLE INSURANCE.

Table with 4 columns: Insurance Name, Price, Change, and Volume. Includes Real Estate Title Ins., Title Guaranty, etc.

Today's Bond Market.

Table with 4 columns: Bond Name, Price, Change, and Volume. Includes City of Wash. 4 1/2's, French Govt. 4 1/2's, etc.

NEW YORK STOCK EXCHANGE

Quotations Received by W. B. Hibbs & Co.

Large table with multiple columns: Stock Name, Price, Change, Volume, etc. Includes Air Reduction, Adams Express, etc.

Curb Stocks.

(Furnished by W. B. Hibbs & Co.)

Table with multiple columns: Stock Name, Price, Change, Volume, etc. Includes Aetna Explosives, Allied Oil, etc.

GENERAL RISE IN ALL STOCKS MARKS TRADING

Equipment Stocks Up, With Baldwin Leading in Year's High Mark.

By MAX KASE.

International News Service.

NEW YORK, Feb. 4.—The forward movement was continued in the short session of the stock market today, advances running up to about four points being made in the entire list. While sterling rose to a new high since August, 1919, of \$4.32, this failed to exert much of an influence and the strength was again lost, due to manipulations and covering by shorts.

The equipment stocks were most prominent in today's advance and under leadership of Baldwin Locomotive group rose to new sales at four points. Baldwin sold at a new high for the year of 1921, a gain of four points. Pullman improved four points to 116 1/2. Railway Steel Springs rose two points and American Locomotive Co. advanced one point. Steel common got close to its previous high, crossing 87.

Advance in the rails, while not as rapid as yesterday, again came in for attention. New Haven was a feature in the group, its sales at 17 1/2. Motors and oil shares made good progress. A few specialties scored substantial improvement.

Foreign Bonds.

(Furnished by W. B. Hibbs & Co.)

Table with 4 columns: Bond Name, Price, Change, and Volume. Includes Berlin 4 1/2's, Greater Berlin 4 1/2's, etc.

Liberty Bonds.

(Furnished by W. B. Hibbs & Co.)

Table with 4 columns: Bond Name, Price, Change, and Volume. Includes 3 1/2's due Oct. 1, 1942, etc.

Baltimore Grain Market.

BALTIMORE, Md., Feb. 4.—Baltimore market: Wheat, 1921-22, 1st, 1.25; 2nd, 1.20; 3rd, 1.15.

New York Cotton Exchange.

(Furnished by W. B. Hibbs & Co.)

Table with 4 columns: Cotton Name, Price, Change, and Volume. Includes Open, High, Low, Close, etc.

Washington Provisions.

(Wholesale prices.)

Table with 4 columns: Provision Name, Price, Change, and Volume. Includes Eggs—Strait, selected, per doz., etc.

Chicago Board of Trade.

(Furnished by W. B. Hibbs & Co.)

Table with 4 columns: Commodity Name, Price, Change, and Volume. Includes Wheat, Corn, etc.

Short Term Securities.

(Furnished by Redmond & Co.)

Table with 4 columns: Security Name, Price, Change, and Volume. Includes Am. T. & T. Co. 6's, 1922, etc.

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